

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 12482 061136Z

55

ACTION EA-14

INFO OCT-01 ISO-00 EB-11 INT-08 SCEM-02 COME-00 TRSE-00

OMB-01 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15

ACDA-19 IO-14 NEA-10 AF-10 SCI-06 DRC-01 /174 W

----- 043595

R 061023Z NOV 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9005

INFO AMEMBASSY BANGKOK

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMCONSUL HONG KONG

AMEMBASSY TOKYO

AMEMBASSY JAKARTA

CINCPAC

13TH AF

CINCPACREPPHIL

CINCPACREP MARIANAS

LIMITED OFFICIAL USE MANILA 12482

E.O. 11652: N/A

TAGS: ENRG, RP

SUBJECT: EFFECT OF PETROLEUM CUTBACKS

REF: A) STATE 216846; B) MANILA 11934; C) MANILA 12296

D) MANILA 12419

BEGIN SUMMARY: OIL COMPANIES FORESEE SERIOUS,
POSSIBLY CRITICAL OIL SHORTAGE EXTENDING WELL INTO
1974 ON BASIS OF BOTH MIDDLE EAST CUTBACKS AND PRICE
INCREASES OF CRUDE. SQUEEZE ON OIL SUPPLIES ALREADY
EXPERIENCED AS RESULT GOP MARKET PRICE RESTRAINT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 12482 061136Z

OVER PAST TWO YEARS. GOP NOV 5 DIRECTED A NUMBER OF

OIL CONSERVATION MEASURES INCLUDING BAN ON EXPORTS, LIMITATION ON INTERNATIONAL BUNKERING, PROPOSED REDUCTION OF DELIVERIES TO US BASES AND PLANS FOR FUEL ALLOCATION SYSTEM. END SUMMARY.

1. RECENT EMBASSY REPORTING (MANILA REFTELS) DESCRIBES SERIOUS IMPENDING IMPACT ON PHILIPPINES OF ARAB OIL CUTBACKS AND LATEST SHARP PRICE INCREASES. EVEN BEFORE OUTBREAK OF MIDDLE EAST WAR, MAJOR OIL COMPANIES HAD DECIDED ON ECONOMIC GROUNDS (BECAUSE OF GOP'S SEVERE RESTRAINT ON MARKET PRICES OVER PAST TWO YEARS) NOT TO MEET FULL GROWTH OF MARKET DEMAND. THUS, MARKET ALREADY EXPERIENCING CRUDE SUPPLY PINCH DURING 3RD QUARTER, AND INVENTORIES WERE LOW. ESSO IS PLANNING CUTBACKS OF OVER 20 PERCENT, AND IF FURTHER MARKET PRICE INCREASES ARE NOT GRANTED BY GOVERNMENT IN NEXT FEW WEEKS, CRUDE DELIVERIES COULD BE REDUCED 50 PERCENT OR MORE. CLATEX EXPECTS SOME 30 PERCENT CUTBACK IN CRUDE DELIVERIES, AND OTHER COMPANIES IN 20 TO 35 PERCENT RANGE. ALL COMPANIES EXPECTED TO REDUCE CRUDE DELIVERIES EVEN FURTHER IF GOP DOES NOT ALLOW RECOVERY OF LATEST CRUDE PRICE INCREASES.

2. THUS FAR GOP AND PUBLIC HAVE LAID BLAME FOR PETROLEUM SHORTAGES ON MIDDLE EAST SITUATION AND NOT DIRECTLY ON COMPANIES. AT SAME TIME GOP HAS ANNOUNCED THAT IT IS SEEKING SOURCES OF SUPPLY ON GOVERNMENT OT GOVERNMENT BASIS. PRIOR TO COURRENT CRISIS GOP HAD BEEN TALKING WITH AT LEAST TWO OF LOCAL COMPANIES ABOUT POSSIBILITY OF BUYING CONTROLLING SHARE OF COMPANIES' EQUITY. THERE IS NO INDICATION AS YET OF EFFECT OF LATEST CRUNCH ON GOP ATTITUDE, BUT CRUDE OIL SUPPLY PROSPECTS WILL OBVIOUSLY BE KEY ELEMENT IN GOVERNMENT DECISION.

3. OIL CONSERVATION MEASURES AND STUDIES DIRECTED BY PRESIDENT ON NOVEMBER 5 INCLUDE THE FOLLOWING:
A. TOTAL BAN ON EXPORTS AND LIMITATION ON INTERNATIONAL BUNKERS OF SHIPS AND AIRCRAFT (SEE SEPTELS).
B. INTENSIVE EFFORTS TO DEVELOP NATURAL GAS DEPOSITIS (ALTHOUGH ONLY ISOLATED POCKETS HAVE YET BEEN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 12482 061136Z

DISCOVERED AND THERE ARE NO KNOWN RESERVES IN COMMERCIAL QUANTITIES.

C. POSSIBLE REDUCTION OF SALE OF PETROLEUM PRODUCTS AND ELECTRIC POWER TO U.S. BASES CORRESPONDING AT LEAST TO THE CUTBACK IN CRUDE OIL DELIVERIES AS A RESULT OF MIDDLE EAST PRODUCTION CUTBACKS.

D. A FUEL ALLOCATION SCHEME TO BE WORKED OUT BY SPECIAL GOP COMMITTEE WITH IMPLEMENTATION TO BE SUPERVISED BY

MILITARY TAST FORCE.

4. FURTHER DETAILS PROVIDED BY DFA AND IMPLICATIONS
FOR U.S. BASES AND USG OPERATIONS REPORTED SEPTEL.
SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTS, SUPPLIES, REFUELING, PETROLEUM INDUSTRY, EXPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MANILA12482
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731152/aaaabmik.tel
Line Count: 120
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) STATE 216846; B) MANILA 11934; C)
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25-Jul-2001 by kellew0>; APPROVED <12-Dec-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EFFECT OF PETROLEUM CUTBACKS
TAGS: ENRG, RP
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005